

REFERENCE TITLE: community facilities districts; counties; limited areas

State of Arizona  
Senate  
Forty-eighth Legislature  
Second Regular Session  
2008

# SB 1331

Introduced by  
Senator O'Halleran; Representatives Mason: Tobin

AN ACT

AMENDING SECTIONS 48-707 AND 48-709, ARIZONA REVISED STATUTES; AMENDING TITLE 48, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTIONS 48-726 AND 48-727; RELATING TO COMMUNITY FACILITIES DISTRICTS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 48-707, Arizona Revised Statutes, is amended to  
3 read:

4 48-707. Notice and conduct of elections; waiver

5 A. Any election under this article shall be a nonpartisan election  
6 called by posting notices in three public places within the boundaries of the  
7 district not less than twenty days before the election. Notice shall also be  
8 published in a newspaper of general circulation in the municipality or county  
9 or if there is no newspaper so circulated in the municipality in a newspaper  
10 of general circulation in the county in which the municipality is located  
11 once a week for two consecutive weeks before the election. The notice shall  
12 state:

13 1. The place of holding the election.

14 2. The hours during the day, not less than six, in which the polls  
15 will be open.

16 3. If it is a formation election, the boundaries of the proposed  
17 district.

18 4. If it is a bond election, the amount of bonds to be authorized for  
19 the district, the maximum rate of interest to be borne on the bonds, the  
20 maximum term of the bonds, not exceeding twenty-five years, and the purposes  
21 for which the monies raised will be used.

22 5. If it is an ad valorem tax levy election pursuant to section  
23 48-723, the maximum tax rate per one hundred dollars of assessed valuation to  
24 be imposed, the purposes for which the monies raised will be used and the  
25 existing maximum tax rate, if any.

26 6. That a general plan is on file with the clerk.

27 B. The district board or the governing body, as applicable, shall  
28 determine the date of the election and the polling places for the election  
29 and may consolidate county precincts. For other than a formation election  
30 pursuant to section 48-705, subsection B, and an election held pursuant to  
31 subsection G of this section, precinct registers shall be used. The county  
32 recorder shall submit precinct registers on the request of the clerk, and if  
33 the district includes land lying partly in and partly out of any county  
34 election precinct, the precinct registers may contain the names of all  
35 registered voters in the precinct and the election boards at those precincts  
36 shall require that a prospective elector execute an affidavit stating that  
37 the elector is also a qualified elector of the district. For formation  
38 elections and elections held pursuant to subsection G of this section, a  
39 prospective elector shall execute an affidavit stating that the elector is  
40 the owner of land in the proposed district and is a qualified elector of this  
41 state or otherwise qualified to vote pursuant to section 48-3043 and stating  
42 the area of land in acres owned by the elector. Election board members may  
43 administer oaths or take all affirmations for these purposes. A community  
44 facilities district election held pursuant to this article is not subject to  
45 title 16, chapter 2, article 3.

1 C. Except as otherwise provided by this article, the election shall  
2 comply with the general election laws of this state, except that the words to  
3 appear on the ballots shall be for a formation election "district, yes" and  
4 "district, no", for a bond election "bonds, yes" and "bonds, no", for a tax  
5 election if no tax is in place "tax, yes" and "tax, no" and for a tax  
6 election to change an existing maximum or eliminate an existing tax "tax  
7 change, yes" and "tax change, no". The returns of election shall be made to  
8 the governing body or, if after formation, to the district board.

9 D. Within fourteen days after an election, the governing body, or if  
10 after formation, the district board, shall meet and canvass the returns, and  
11 if a majority of the votes cast at the election is in favor of formation,  
12 issuing the bonds, imposing the tax or changing the tax, the governing body  
13 or the district board, as appropriate, shall enter that fact on its  
14 minutes. The canvass may be continued from time to time. Failure of a  
15 majority to vote in favor of the matter submitted does not prejudice the  
16 submission of the same or similar matters at a later election.

17 E. If a person listed on the assessment roll is no longer the owner of  
18 land in the district and the name of the successor owner becomes known and is  
19 verified by recorded deed or other similar evidence of transfer of ownership,  
20 the successor owner is deemed to be the owner for the purposes of this  
21 article.

22 F. Notwithstanding any other provision of this article, if a petition  
23 for formation is signed by owners of all of the land in the district  
24 described in the petition and is approved by the municipality or county, the  
25 municipality or county may waive any or all requirements of posting,  
26 publication, mailing, notice, hearing and landowner election. On receipt of  
27 such a petition, and after approval by an election of resident electors, if  
28 any, the municipality or county shall declare the district formed without  
29 being required to comply with the provisions of this article for posting,  
30 publication, mailing, notice, hearing or landowner election.

31 G. Notwithstanding any other provision of this article, if no person  
32 has registered to vote within the district within fifty days immediately  
33 preceding any scheduled election date, any election required to be held  
34 pursuant to this article shall be held with the vote by the owners of land  
35 within the district who are qualified electors of this state and other  
36 landowners according to section 48-3043. Each owner has the number of votes  
37 or portion of votes equal to the number of acres or portion of acres rounded  
38 upward to the nearest one-fifth of an acre owned in the district by that  
39 person.

40 H. **EXCEPT AS PROVIDED IN SUBSECTION I OF THIS SECTION**, for a district  
41 that is proposed to be formed by a county, a district may be formed only if a  
42 petition for formation is signed by the owners of all of the land in the  
43 district that is described in the petition and if it is approved by the  
44 county. If the district is proposed to be formed in a county island, as  
45 defined in section 11-251.12, in existence on ~~the effective date of this~~

1 ~~amendment to this section~~ SEPTEMBER 21, 2006, the petition must be signed by  
2 the owners of all of the land in the district that is described in the  
3 petition and the district must be approved by the county and by the  
4 municipality or all municipalities that form the county island. If the  
5 petition is signed by the owners of all of the land in the district, the  
6 county may waive any or all requirements of posting, publication, mailing,  
7 notice, hearing and landowner election. On receipt of such a petition, and  
8 after approval by an election of one hundred per cent of the resident  
9 electors, if any, the county shall declare the district formed without being  
10 required to comply with the provisions of this article for posting.

11 I. NOTWITHSTANDING SUBSECTION H OF THIS SECTION, A DISTRICT MAY BE  
12 FORMED BY A COUNTY WITH A POPULATION OF LESS THAN \_\_\_\_\_ PERSONS ACCORDING  
13 TO THE MOST RECENT DECENNIAL OR SPECIAL CENSUS IF THE POPULATION WITHIN THE  
14 AREA OF THE PROPOSED DISTRICT IS LESS THAN ONE THOUSAND FIVE HUNDRED PERSONS.  
15 A PETITION FOR THE FORMATION OF A DISTRICT PURSUANT TO THIS SUBSECTION MUST  
16 BE SIGNED BY THE NUMBER OF OWNERS OF REAL PROPERTY THAT REPRESENTS AT LEAST  
17 TWENTY-FIVE PER CENT OF THE REAL PROPERTY WITHIN THE PROPOSED BOUNDARIES OF  
18 THE DISTRICT. A DISTRICT FORMED PURSUANT TO THIS SUBSECTION SHALL HAVE ALL  
19 OF THE POWERS OF A DISTRICT FORMED PURSUANT TO THIS ARTICLE EXCEPT FOR THE  
20 POWER TO LEVY AN AD VALOREM TAX OR A SPECIAL ASSESSMENT. A DISTRICT FORMED  
21 PURSUANT TO THIS SUBSECTION SHALL HAVE THE POWER TO ENACT AND LEVY AN EXCISE  
22 TAX PURSUANT TO SECTION 48-726.

23 Sec. 2. Section 48-709, Arizona Revised Statutes, is amended to read:  
24 48-709. Powers of a community facilities district

25 A. In addition to the powers otherwise granted to a district pursuant  
26 to this article, a district, ~~may~~ to further the general plan, MAY:

27 1. Enter into contracts and expend monies for any public  
28 infrastructure purpose with respect to the district.

29 2. Enter into intergovernmental agreements as prescribed in title 11,  
30 chapter 7, article 3 for the planning, design, inspection, ownership,  
31 control, maintenance, operation or repair of public infrastructure or the  
32 provision of enhanced municipal services by the municipality in the district.

33 3. Sell, lease or otherwise dispose of district property if the sale,  
34 lease or conveyance is not a violation of the terms of any contract or bond  
35 resolution of the district.

36 4. Reimburse the municipality for providing enhanced municipal  
37 services in the district.

38 5. Operate, maintain and repair public infrastructure.

39 6. Establish, charge and collect user fees, rates or charges for the  
40 use of any public infrastructure or service.

41 7. Employ staff, counsel and consultants.

42 8. Reimburse the municipality or county for staff and consultant  
43 services and support facilities supplied by the municipality or county.

44 9. Accept gifts or grants and incur and repay loans for any public  
45 infrastructure purpose.

1           10. Enter into agreements with landowners and the municipality or  
2 county for the collection of fees and charges from landowners for public  
3 infrastructure purposes, the advance of monies by landowners for public  
4 infrastructure purposes or the granting of real property by the landowner for  
5 public infrastructure purposes.

6           11. By resolution, levy and assess the costs of any public  
7 infrastructure purpose on any land benefited in the district.

8           12. Pay the financial, legal and administrative costs of the district.

9           13. Enter into contracts, agreements and trust indentures to obtain  
10 credit enhancement or liquidity support for its bonds and process the  
11 issuance, registration, transfer and payment of its bonds and the  
12 disbursement and investment of proceeds of the bonds.

13           14. With the consent of the governing body of the municipality or  
14 county which formed the district, enter into agreements with persons outside  
15 of the district to provide services to persons and property outside of the  
16 district.

17           15. Use public easements and rights-of-way in or across public  
18 property, roadways, highways, streets or other thoroughfares and other public  
19 easements and rights-of-way, whether in or out of the geographical limits of  
20 the district, the municipality or the county.

21           16. FOR A DISTRICT FORMED PURSUANT TO SECTION 48-707, SUBSECTION I  
22 ONLY, LEVY AN EXCISE TAX.

23           B. This article does not authorize:

24           1. A district to acquire, construct, operate or maintain an electric  
25 generation or distribution system or natural gas distribution system without  
26 the written consent of any affected public service corporation, electric  
27 cooperative, agricultural improvement or power district or other district  
28 described in article XIII, section 7, Constitution of Arizona, the service  
29 area of which encompasses all or part of the district, if that entity is  
30 providing or is capable of adequately providing electrical utility service or  
31 natural gas utility service in the district.

32           2. A district to provide service outside its boundaries without the  
33 written consent of any affected public service corporation, electric  
34 cooperative, agricultural improvement or power district or other district  
35 described in article XIII, section 7, Constitution of Arizona, with a service  
36 area that lies outside of the district, if that entity is providing or is  
37 capable of adequately providing electrical utility service or natural gas  
38 utility service in the area that the district proposes to serve.

39           C. If a district is granted written consent pursuant to this section,  
40 the district shall provide a copy to the governor, the president of the  
41 senate, the speaker of the house of representatives and each commissioner of  
42 the Arizona corporation commission no later than thirty days after consent is  
43 granted.

1           D. In connection with any power authorized by statute, the district  
2 may:

- 3           1. Contract.
- 4           2. Enter into intergovernmental agreements pursuant to title 11,  
5 chapter 7, article 3.
- 6           3. Adopt and change a seal.
- 7           4. Sue and be sued.
- 8           5. Enter into development agreements, as defined in section 9-500.05.
- 9           6. Exercise the same right and power of eminent domain as a public  
10 service corporation pursuant to title 12, chapter 8, articles 2 and 3 to  
11 acquire any property or right-of-way, except political subdivision, county,  
12 state or federal property, for any public infrastructure purpose.

13           E. A district which proposes to provide domestic water service in the  
14 certificated area of a public service corporation serving domestic water  
15 shall provide just compensation to the public service corporation pursuant to  
16 section 9-516.

17           F. Public infrastructure other than personalty may be located only in  
18 or on lands owned by the state, a county, a municipality or the district or  
19 dedicated or otherwise designated as public roadways, highways, streets,  
20 thoroughfares, easements or rights-of-way, whether in or out of the district  
21 or the municipality. Personalty may be used only for purposes authorized by  
22 the district board.

23           G. An agreement pursuant to subsection A, paragraph 10 of this section  
24 may include agreements to repay all or part of such advances, fees and  
25 charges from the proceeds of bonds if issued or from advances, fees and  
26 charges collected from other landowners or users or those having a right to  
27 use any public infrastructure. A person does not have authority to compel  
28 the issuance or sale of the bonds of the district or the exercise of any  
29 taxing power of the district to make repayment under any agreement.

30           H. A district shall not contract with a municipality for enhanced  
31 municipal services unless the area for which the services are to be provided  
32 is designated by the municipality as a slum or blighted area pursuant to  
33 title 36, chapter 12, or an urban core business district of the municipality  
34 determined by formal resolution of the municipality to be in need of enhanced  
35 municipal services to encourage or preserve commercial development in the  
36 area.

37           I. Notwithstanding title 34 or article 2 of this chapter, the district  
38 at the option of the district board may enter into contracts for the  
39 performance of district projects with landowners in the district after  
40 calling for bids but before publishing notice of the award of a contract if  
41 all of the following conditions are met:

- 42           1. The landowner or landowners own three-fourths or more of the total  
43 land area of the district.

1           2. The landowner or landowners contract to perform the work at a cost  
2 which does not exceed the cost specified in the bid of the bidder who would  
3 have been awarded that bid.

4           3. The work for which the contract was let is to be financed pursuant  
5 to this article.

6           4. All contracts and work executed pursuant to this section are  
7 subject to those rules as the district board may prescribe.

8           Sec. 3. Title 48, chapter 4, article 6, Arizona Revised Statutes, is  
9 amended by adding sections 48-726 and 48-727, to read:

10           48-726. Excise tax; certain districts

11           A. THE BOARD OF DIRECTORS OF A DISTRICT FORMED PURSUANT TO SECTION  
12 48-707, SUBSECTION I MAY LEVY AN EXCISE TAX IN THE DISTRICT. THE BOARD OF  
13 DIRECTORS OF THE DISTRICT BY RESOLUTION MAY LEVY, AND IF LEVIED THE  
14 DEPARTMENT OF REVENUE SHALL COLLECT, AN EXCISE TAX BEGINNING JANUARY 1 OR  
15 JULY 1, WHICHEVER DATE FIRST OCCURS AT LEAST THREE MONTHS AFTER THE DISTRICT  
16 ADOPTS THE RESOLUTION APPROVING THE TAX LEVY. THE TAX RATE SHALL BE A  
17 PERCENTAGE OF THE EXCISE TAX RATE PRESCRIBED BY SECTION 42-5010, SUBSECTION A  
18 APPLYING TO EACH PERSON ENGAGING OR CONTINUING IN THE DISTRICT IN A BUSINESS  
19 TAXED UNDER TITLE 42, CHAPTER 5, ARTICLE 1 AND SECTION 42-5352, SUBSECTION A,  
20 NOT TO EXCEED\_\_\_ PER CENT OF EACH RATE PRESCRIBED BY SECTION 42-5010,  
21 SUBSECTION A AND SECTION 42-5352, SUBSECTION A.

22           B. AT THE END OF EACH MONTH THE STATE TREASURER SHALL TRANSMIT THE NET  
23 REVENUES COLLECTED PURSUANT TO THIS SECTION TO THE DISTRICT TREASURER WHO  
24 SHALL DEPOSIT THE REVENUES IN THE DISTRICT'S GENERAL FUND.

25           C. UNLESS THE CONTEXT OTHERWISE REQUIRES, SECTION 42-6102 GOVERNS THE  
26 ADMINISTRATION OF THE TAX IMPOSED PURSUANT TO THIS SECTION.

27           D. THE DISTRICT'S BOARD OF DIRECTORS MAY USE THE EXCISE TAXES RECEIVED  
28 PURSUANT TO THIS SECTION FOR THE CONSTRUCTION, OPERATION AND MAINTENANCE OF  
29 PUBLIC INFRASTRUCTURE ACQUIRED OR CONSTRUCTED BY THE DISTRICT AND MAY PLEDGE  
30 SUCH TAXES TO THE PAYMENT OF DISTRICT BONDS ISSUED PURSUANT TO SECTION  
31 48-727.

32           48-727. Bonds payable from excise taxes

33           A. THE BOARD OF DIRECTORS OF A DISTRICT FORMED PURSUANT TO SECTION  
34 48-707, SUBSECTION I IS DESIGNATED AS THE BODY HAVING SOLE AND EXCLUSIVE  
35 POWER TO AUTHORIZE AND ISSUE BONDS OR INCUR LONG-TERM OBLIGATIONS PAYABLE IN  
36 WHOLE OR IN PART FROM MONIES COLLECTED FROM THE EXCISE TAX AUTHORIZED  
37 PURSUANT TO SECTION 48-726. THE BOARD MAY:

38           1. ISSUE NEGOTIABLE BONDS PAYABLE SOLELY FROM THE DISTRICT'S EXCISE  
39 TAXES IN THE PRINCIPAL AMOUNT THAT IN THE OPINION OF THE BOARD IS NECESSARY  
40 TO PROVIDE SUFFICIENT MONIES FOR CONSTRUCTION OR ACQUISITION OF PUBLIC  
41 INFRASTRUCTURE, TO ESTABLISH RESERVES TO SECURE THE BONDS AND TO PROVIDE FOR  
42 THE PAYMENT OF ALL OTHER EXPENDITURES INCIDENTAL, NECESSARY AND CONVENIENT TO  
43 CARRY OUT THESE PURPOSES.

44           2. ISSUE REFUNDING BONDS IF THE BOARD DEEMS REFUNDING EXPEDIENT.

1           3. REFUND ANY BONDS ISSUED BY THE BOARD AND PAYABLE FROM EXCISE TAXES  
2 OF THE DISTRICT AS AUTHORIZED IN THIS SECTION BY THE ISSUANCE OF REFUNDING  
3 BONDS, WHETHER THE BONDS TO BE REFUNDED HAVE OR HAVE NOT MATURED. PROCEEDS  
4 OF REFUNDING BONDS MAY BE USED TO PAY PRINCIPAL, INTEREST, REDEMPTION  
5 PREMIUMS AND COSTS OF ISSUANCE AND TO PURCHASE BOND INSURANCE ON REFUNDED  
6 BONDS.

7           4. ISSUE BONDS PARTLY TO REFUND BONDS THEN OUTSTANDING AND PARTLY FOR  
8 ANY OTHER PURPOSE CONSISTENT WITH THIS SECTION. REGARDLESS OF WHETHER OR NOT  
9 THE BONDS ARE OF SUCH FORM OR CHARACTER AS TO BE NEGOTIABLE INSTRUMENTS UNDER  
10 THE TERMS OF THE UNIFORM COMMERCIAL CODE, THE BONDS ARE FULLY NEGOTIABLE  
11 WITHIN THE MEANING OF AND FOR ALL PURPOSES OF THE UNIFORM COMMERCIAL CODE AND  
12 ANY OTHER LAW.

13           B. THE BONDS AUTHORIZED BY THIS SECTION SHALL:

14           1. BE AUTHORIZED BY RESOLUTION OF THE BOARD.

15           2. BEAR SUCH DATE OR DATES AND SHALL MATURE AT SUCH TIME OR TIMES, NOT  
16 EXCEEDING THE EARLIER OF FORTY YEARS FROM THEIR RESPECTIVE DATES OR THE DATE  
17 THE DISTRICT'S EXCISE TAXES SECURING THE BONDS ARE SCHEDULED TO CEASE, AS THE  
18 RESOLUTION AUTHORIZING THE BONDS MAY PROVIDE.

19           3. BEAR INTEREST AT SUCH RATE OR RATES, INCLUDING RATES THAT MAY VARY  
20 FROM TIME TO TIME, PURSUANT TO PROVISIONS ESTABLISHED BY THE BOARD IN THE  
21 AUTHORIZING RESOLUTION.

22           4. BE IN THE DENOMINATION, BE IN THE FORM, EITHER WITH OR WITHOUT  
23 COUPON, BE EXECUTED IN THE MANNER AND BE PAYABLE AS TO PRINCIPAL, INTEREST OR  
24 PREMIUM IN THE MEDIUM OF PAYMENT AT THE OFFICE OF THE DISTRICT OR AT SUCH  
25 OTHER PLACE AS THE BOARD PROVIDES, EITHER BY AUTOMATIC DEPOSIT, WIRE TRANSFER  
26 OR MAIL. THE BONDS MAY BE ISSUED AS BOOK ENTRY BONDS WITH PAYMENTS OF  
27 PRINCIPAL, INTEREST AND REDEMPTION PREMIUMS PAYABLE THROUGH A DEPOSITORY TO  
28 THE BENEFICIAL OWNERS OF THE BONDS, EITHER DIRECTLY OR THROUGH  
29 INTERMEDIARIES.

30           5. BE SUBJECT TO SUCH TERMS OF REDEMPTION, AT THE OPTION OF EITHER THE  
31 BOARD OR THE OWNER OF THE BOND, AS THE RESOLUTION AUTHORIZING THE BONDS MAY  
32 PROVIDE.

33           6. BE PAYABLE EXCLUSIVELY FROM THE EXCISE TAXES TO BE RECEIVED BY THE  
34 DISTRICT. THE DISTRICT BY RESOLUTION AUTHORIZING THE ISSUANCE OF THE BONDS  
35 MAY PLEDGE ALL OR ANY PART OF SUCH EXCISE TAXES TO THE PAYMENT OF PRINCIPAL,  
36 INTEREST, RESERVE FUND CONTRIBUTIONS AND REDEMPTION PREMIUMS ON THE BONDS.  
37 THE RESOLUTION MAY ASSIGN ALL OR ANY PORTION OF THE DISTRICT'S EXCISE TAXES  
38 TO A TRUSTEE, PAYING AGENT OR FISCAL AGENT. IF AN ASSIGNMENT IS MADE, THE  
39 DISTRICT MAY DIRECT THE DEPARTMENT OF REVENUE TO DEDUCT AN EQUAL AMOUNT EACH  
40 MONTH FROM THE EXCISE TAX REVENUES IT COLLECTS FOR THE DISTRICT AND PAY THAT  
41 AMOUNT DIRECTLY TO THE BOND OWNERS, TRUSTEE, PAYING AGENT OR FISCAL AGENT  
42 DESIGNATED BY THE DISTRICT BOARD.

43           C. THE BONDS MAY BE SOLD AT EITHER PUBLIC OR PRIVATE SALE, ABOVE, AT  
44 OR BELOW PAR AND ON SUCH TERMS AS THE BOARD MAY DETERMINE. BONDS TO FUND OR

1 REFUND OTHER BONDS MAY BE EXCHANGED WITH THE HOLDERS OF BONDS BEING FUNDED OR  
2 REFUNDED ON SUCH TERMS AS THE BOARD DETERMINES.

3 D. THE BOARD BY RESOLUTION MAY ALSO:

4 1. SET THE PRIORITY OF LIEN OR CLAIM OF ANY SERIES OR ISSUE OF BONDS  
5 AGAINST ANY OTHER SERIES OR ISSUES, AND THE BOARD SHALL NOT ABROGATE OR  
6 CHANGE THE PRIORITY UNLESS THE AFFECTED SERIES OR ISSUES ARE TO BE FULLY PAID  
7 OR FULLY PROVIDED FOR BY THE ISSUANCE OF REFUNDING BONDS OR THE HOLDERS OF  
8 THE BONDS AFFECTED AGREE IN WRITING TO THE CHANGE.

9 2. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING FUNDS.

10 3. PROVIDE THAT SUFFICIENT AMOUNTS OF THE PROCEEDS FROM THE SALE OF  
11 THE BONDS MAY BE USED TO FULLY OR PARTLY FUND ANY AND ALL RESERVES OR SINKING  
12 FUNDS SET UP BY THE RESOLUTION AUTHORIZING THE BONDS.

13 4. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF A CONTRACT  
14 WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE HOLDERS  
15 OF WHICH MUST CONSENT TO AMENDMENTS AND THE MANNER IN WHICH THE CONSENT MAY  
16 BE GIVEN.

17 5. PROVIDE FOR PAYMENT FROM THE PROCEEDS OF THE SALE OF THE BONDS OF  
18 ALL LEGAL AND FINANCIAL EXPENSES INCURRED BY THE BOARD IN THE ISSUANCE, SALE,  
19 DELIVERY AND PAYMENT OF THE BONDS.

20 6. DO ANY OTHER MATTERS, OF LIKE OR DIFFERENT CHARACTER, THAT MAY IN  
21 ANY WAY AFFECT THE SECURITY AND PROTECTION OF THE BONDS.

22 7. EMPLOY TRUSTEES, PAYING AGENTS, FISCAL AGENTS, FINANCIAL  
23 CONSULTANTS, FEASIBILITY CONSULTANTS, ATTORNEYS AND OTHER EXPERTS IN THEIR  
24 FIELDS TO AID IN THE SALE AND ADMINISTRATION OF THE BONDS.

25 E. ANY PLEDGE MADE PURSUANT TO THIS SECTION IS VALID AND BINDING FROM  
26 THE TIME THE PLEDGE IS MADE. THE MONIES PLEDGED PURSUANT TO THIS SECTION,  
27 WHEN PLACED IN THE FUND OR ACCOUNT CREATED TO SERVICE THE BONDS OR PROVIDE  
28 RESERVES OR SINKING FUNDS FOR THE BONDS, ARE IMMEDIATELY SUBJECT TO THE LIEN  
29 OF THE PLEDGE WITHOUT ANY FUTURE PHYSICAL DELIVERY OR FURTHER ACT OR  
30 RECORDING. A LIEN OF ANY PLEDGE IS VALID OR BINDING AGAINST ALL PARTIES  
31 HAVING CLAIMS OF ANY KIND IN TORT, CONTRACT OR OTHERWISE AGAINST THE  
32 DISTRICT, REGARDLESS OF WHETHER THE PARTIES HAVE NOTICE. WHEN PLACED IN THE  
33 RECORDS OF THE BOARD, THE OFFICIAL RESOLUTION, THE TRUST INDENTURE OR ANY  
34 INSTRUMENT BY WHICH THE PLEDGE IS CREATED IS NOTICE TO ALL CONCERNED OF THE  
35 CREATION OF THE PLEDGE, AND THESE INSTRUMENTS ARE NOT REQUIRED TO BE RECORDED  
36 IN ANY OTHER PLACE. A FILING OR RECORDING OF THE RESOLUTION OF THE BOARD  
37 CREATING OR EXTENDING THE LIEN OR PLEDGE IN ORDER FOR THE PLEDGE OR LIEN TO  
38 BECOME FULLY EFFECTIVE IS NOT REQUIRED IN ANY OFFICE OTHER THAN IN THE OFFICE  
39 OF THE BOARD.

40 F. THE MEMBERS OF THE BOARD OR ANY PERSON EXECUTING THE BONDS IS NOT  
41 PERSONALLY LIABLE FOR THE PAYMENT OF THE BONDS. THE BONDS ARE VALID AND  
42 BINDING OBLIGATIONS OF THE DISTRICT NOTWITHSTANDING THE FACT THAT BEFORE THE  
43 DELIVERY OF THE BONDS ANY OF THE OFFICERS WHOSE SIGNATURES APPEAR ON THE  
44 BONDS CEASE TO BE OFFICERS OF THE DISTRICT. FROM AND AFTER THE SALE AND  
45 DELIVERY OF THE BONDS, THE BONDS ARE INCONTESTABLE.

1           G THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE BONDS THAT  
2 THE STATE WILL NOT LIMIT, ALTER, REPEAL OR REVOKE THE DISTRICT'S EXCISE  
3 TAXES, OR TAKE ANY ACTION THAT IN ANY WAY ADVERSELY AFFECTS THE RIGHTS OF THE  
4 HOLDERS OF THE BONDS, LIMITS OR ALTERS THE AUTHORITY OF THE BOARD TO LEVY THE  
5 EXCISE TAX TO PREVENT THE IMPOSITION OF SUFFICIENT EXCISE TAXES TO FULFILL  
6 THE TERMS OF THE BONDS, OR IN ANY WAY IMPAIR THE RIGHTS AND REMEDIES OF THE  
7 BONDHOLDERS, UNTIL ALL BONDS ISSUED UNDER THIS ARTICLE, INTEREST ON THE  
8 BONDS, INTEREST ON ANY UNPAID INSTALLMENTS OF INTEREST AND ALL COSTS AND  
9 EXPENSES IN CONNECTION WITH ANY ACTION OR PROCEEDINGS BY OR ON BEHALF OF THE  
10 BONDHOLDERS ARE FULLY MET AND DISCHARGED. THE DISTRICT BOARD AS AGENT FOR  
11 THIS STATE MAY INCLUDE THIS PLEDGE AND UNDERTAKING BY THIS STATE IN ITS  
12 RESOLUTIONS AND INDENTURES SECURING ITS BONDS.

13           H. THE DISTRICT MAY SUBMIT TO THE ATTORNEY GENERAL ANY BONDS TO BE  
14 ISSUED UNDER THIS SECTION AFTER ALL PROCEEDINGS FOR THE AUTHORIZATION OF THE  
15 BONDS HAVE BEEN TAKEN. ON THE SUBMISSION OF THE PROCEEDINGS TO THE ATTORNEY  
16 GENERAL, THE ATTORNEY GENERAL SHALL INVESTIGATE AND DETERMINE THE VALIDITY OF  
17 THE BONDS AND THE REGULARITY OF ALL PROCEEDINGS IN CONNECTION WITH THE  
18 ISSUANCE. IF THE PROCEEDINGS CONFORM TO THIS SECTION AND IF IT IS DETERMINED  
19 THAT THE BONDS WHEN DELIVERED AND PAID FOR WILL CONSTITUTE BINDING AND LEGAL  
20 OBLIGATIONS OF THE DISTRICT ENFORCEABLE ACCORDING TO THE TERMS OF THE BONDS,  
21 THE ATTORNEY GENERAL SHALL CERTIFY IN SUBSTANCE ON THE BACK OF EACH OF THE  
22 BONDS THAT IT IS ISSUED IN ACCORDANCE WITH THE CONSTITUTION AND LAWS OF THIS  
23 STATE. THE BONDS ARE OBLIGATIONS OF THE DISTRICT ISSUING THE BONDS, ARE  
24 PAYABLE ONLY PURSUANT TO THE TERMS OF THE BONDS, ARE NOT OBLIGATIONS THAT ARE  
25 GENERAL, SPECIAL OR OTHERWISE OF THIS STATE OR THE COUNTY IN WHICH THE  
26 DISTRICT IS LOCATED, ARE NOT A LEGAL DEBT OF THIS STATE OR OF THE COUNTY IN  
27 WHICH THE DISTRICT IS LOCATED AND ARE NOT ENFORCEABLE AGAINST THIS STATE OR  
28 THE COUNTY OUT OF ANY MONIES OTHER THAN THE INCOME AND REVENUE PLEDGED AND  
29 ASSIGNED TO OR IN TRUST FOR THE BENEFIT OF THE OWNERS OF THE BONDS.